

Message Text

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PAGE 01 STATE 245646

62

ORIGIN EB-06

INFO OCT-01 ARA-06 ISO-00 TRSE-00 AID-05 CIAE-00 COME-00

FRB-01 INR-05 NSAE-00 RSC-01 XMB-02 OPIC-03 SP-02

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FM SECSTATE WASHDC

TO AMEMBASSY MEXICO CITY PRIORITY

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E.O. 11652: N/A

TAGS: ETRD, MX

SUBJECT: STATUS OF PENDING COUNTERVAILING DUTY INVESTIGATIONS

1. ON NOVEMBER 5 DURING CALL BY MINISTER SAENZ ON
TREASURY DEPUTY ASSISTANT SECRETARY FOR TARIFF AFFAIRS
PETER SUCHMAN, SAENZ WAS INFORMED OF STATUS OF TWO PENDING
COUNTERVAILING DUTY INVESTIGATIONS AFFECTING MEXICAN
PRODUCTS: CARBON STEEL AND HIGH STRENGTH STEEL PLATES,
AND PROCESSED ASPARAGUS.

2. STEEL: IN AUGUST 1972 TREASURY RECEIVED A COMPLAINT
ALLEGING THAT MEXICAN EXPORTS TO THE U.S. OF CARBON STEEL
AND HIGH STRENGTH STEEL PLATES WERE RECEIVING BOUNTIES OR
GRANTS WITHIN MEANING OF COUNTERVAILING DUTY LAW. A
PROCEEDING NOTICE WAS ISSUED IN OCTOBER 1972 OPENING A
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PAGE 02 STATE 245646

FORMAL INVESTIGATION WHICH WAS CONDUCTED DURING 1972

AND EARLY 1973. GOM WAS VERY COOPERATIVE IN PROVIDING DETAILED INFORMATION ON INDIRECT TAX PAYMENTS BY ORIGINAL COMPANY INVOLVED. HOWEVER, TREASURY WAS UNABLE TO MAKE FINAL DETERMINATION IN CASE DUE TO LACK OF SUFFICIENT DETAILED INFORMATION IN ONE TAX AREA, THE CASCADE EFFECT OF INDIRECT TAXES ON PURCHASES OF MATERIALS USED IN PRODUCTION. TREASURY OFFICIALS NOW WISH TO REMOVE CASE

FROM LIST OF PENDING INVESTIGATIONS. MEXICAN EMBOFF IN WASHINGTON WILL BE INFORMED OF DATA REQUIRED. U.S. CUSTOMS OFFICIAL IN MEXICO CITY MAY ALSO ASSIST IN COMPLETION OF INVESTIGATION. HE WILL RECEIVE INSTRUCTIONS DIRECTLY FROM TREASURY/CUSTOMS IN WASHINGTON.

3. ASPARAGUS: SAENZ WAS TOLD THAT TREASURY HAS RECEIVED A SIMILAR COMPLAINT ON EXPORTS TO THE U.S. OF PROCESSED ASPARAGUS. TREASURY MUST NOW EXAMINE ALLEGATION TO DETERMINE WHETHER THERE IS SUFFICIENT EVIDENCE TO WARRANT FORMAL COUNTERVAILING DUTY INVESTIGATION. DURING INFORMAL INQUIRY U.S. CUSTOMS OFFICIAL IN MEXICO CITY WILL BE ASKED TO OBTAIN DATA TO VERIFY EXISTENCE OR NON-EXISTENCE OF ALLEGED SUBSIDIES.

4. DEPARTMENT WILL INFORM EMBASSY PROMPTLY OF ANY FURTHER DEVELOPMENTS. INGERSOLL

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